

Message Text

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PAGE 01 BONN 12983 091615Z
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03
INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03 SP-02
LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01
/080 W

-----053018 100013Z /72

R 091607Z AUG 77
FM AMEMBASSY BONN
TO SECSTATE WASHDC 0507
DEPARTMENT TREASURY
INFO AMEMBASSY BRUSSELS
AMEMBASSY PARIS

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USOECD, USEEC

E.O. 11652: N/A
TAGS: ECON, EFIN, GW
SUBJECT: GERMAN GNP: THE OUTLOOK FOR 1978

1. CURRENTLY PROJECTIONS FOR GERMAN REAL GNP GROWTH FOR 1978 RANGE FROM A PUBLISHED 3.5 PERCENT REAL GROWTH ESTIMATE BY IFO TO 5.0 PERCENT INTERNAL PROJECTIONS BY THE KIEL ECONOMIC RESEARCH INSTITUTE. GOVERNMENT ECONOMISTS TEND TOWARD A 4.5 PERCENT "GOAL" PROJECTION, BUT CONCEDE THAT ADDITIONAL MEASURES WILL BE NEEDED TO REACH THIS GOAL.

2. IF THE EMBASSY'S GNP PROJECTION FOR 1977 (SEE BONN 12896) SHOULD BE REALIZED, 1978 GNP WILL BENEFIT FROM A CONSIDERABLE "OVERHANG" IN THE SENSE THAT IF THE FOURTH QUARTER 1977 GNP LEVEL WOULD BE MAINTAINED DURING ALL OF 1978, GNP IN 1978 WOULD EXCEED 1977 BY 2.1 PERCENT WITHOUT ANY FURTHER GROWTH DURING THAT YEAR. ON THIS
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BASIS WE CONSIDER THE IFO "NO POLICY CHANGE" 3.5 PERCENT GROWTH PROJECTION A MINIMUM ONE WHICH MIGHT WELL BE EXCEEDED EVEN IF, CONTRARY TO OUR EXPECTATION, NO NEW FISCAL STIMULOUS SHOULD BE DECIDED UPON.

3. IFO'S PROJECTION BREAKS DOWN AS FOLLOWS:

1978 GERMAN GNP

(PERCENTAGE CHANGE OVER 1977, AT 1970 PRICES)

PRIVATE CONSUMPTION	2.5
GOVERNMENT CONSUMPTION	3.0
INVESTMENT IN EQUIPMENT	4.0
CONSTRUCTION	3.5
INVENTORIES	DM 10.0 BILLION
NET FOREIGN BALANCE (1)	DM 38.0 BILLION

GNP	3.5
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(1) THIS CONSTITUTES AN INCREASE OF DM 6 BILLION FROM THE NET FOREIGN BALANCE IFO PROJECTS FOR 1977 AND RESULTS FROM A PROJECTED 7.5 PERCENT INCREASE OF EXPORTS OF GOODS AND SERVICES AND A 6 PERCENT INCREASE OF IMPORTS.

4. IFO INFORMALLY AND CONFIDENTIALLY TELLS US THAT ITS ESTIMATE IS BASED ON AN ESTIMATED GROWTH RATE OF APPROXIMATELY 4 PERCENT (SAAR) DURING THE FIRST HALF OF 1978 AND 3 PERCENT (SAAR) DURING THE SECOND HALF. STOESEL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GNP, ECONOMIC DATA
Control Number: n/a
Copy: SINGLE
Sent Date: 09-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Handling Restrictions: n/a
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ISecure: 1
Legacy Key: link1977/newtext/t19770883/aaaacsfsz.tel
Line Count: 85
Litigation Code IDs:
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Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 8f01dd5f-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
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Previous Handling Restrictions: n/a
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Retention: 0
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TAGS: ECON, EFIN, GE
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